ACER
European Union Agency for the Cooperation of Energy Regulators

PUBLIC

DECISION No 37/2020
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS

of 22 December 2020

on the Products that can be taken into account in the Single Day-Ahead Coupling

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators[1], and, in particular, Article 5(2)(b) thereof,

Having regard to Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management[2], and, in particular, Article 40 thereof,

Having regard to the outcome of the consultation with regulatory authorities, nominated electricity market operators, transmission system operators and market participants,

Having regard to the outcome of the consultation with the Agency's Electricity Working Group ('AEWG'),

Having regard to the favourable opinion of the Board of Regulators of 16 December 2020, delivered pursuant to Article 22(5) of Regulation (EU) 2019/942,

Whereas:

1. INTRODUCTION

(1) Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (the 'CACM Regulation') laid down

[1] OJ L 158, 14.6.2019, p. 22.
[2] OJ L 197, 25.7.2015, p. 24.

a range of requirements for cross-zonal capacity allocation and congestion management in the day-ahead and intraday markets in electricity. Chapter 5 of the CACM Regulation specifies requirements for the single day-ahead coupling ('SDAC'), including products that can be taken into account in the SDAC ('SDAC products').

(2) Pursuant to Articles 9(1), 9(6)(h) and 40(1) of the CACM Regulation, all nominated electricity market operators ('NEMOs') are required to propose products that can be taken into account in the SDAC and to submit it for approval to all regulatory authorities.

(3) Pursuant to Article 9(13) of the CACM Regulation, the NEMOs responsible for developing a proposal for terms and conditions or methodologies may request amendments of these terms and conditions or methodologies.

(4) Accordingly, on 24 June 2020, all NEMOs submitted to ACER a proposal for amendment of the products that can be taken into account in the SDAC ('Proposal'). This ACER Decision is hereby made to revise and approve the Proposal. Annex I to this Decision sets out the amended SDAC products.

2. PROCEDURE

2.1. Proceedings before ACER

(5) On 8 April 2020, the NEMO Committee, on behalf of all NEMOs, started public consultation on the proposed amendments to the SDAC products, in accordance with Articles 9(13) and 12 of the CACM Regulation. The consultation finished on 15 May 2020.

(6) By email, on 24 June 2020, the NEMO Committee, on behalf of all NEMOs, submitted the Proposal to ACER for decision.

(7) On 6 October 2020, ACER launched a public consultation on the Proposal (including the amendments proposed by ACER), inviting all market participants to submit their comments by 27 October 2020. In particular, ACER asked stakeholders to provide comments on the choice of products proposed by all NEMOs for the SDAC.

(8) During the decision-making process, ACER closely cooperated with all NEMOs and all regulatory authorities and extensively consulted them on the proposed amendments during numerous teleconferences and meetings and through exchanges of textual amendments via emails. In particular, the following procedural steps were taken in 2020:

- 1 July: discussion during the meeting with the NEMOs, TSOs, regulatory authorities and the representatives of the European Commission;
- 9 July: teleconference with the regulatory authorities;
- 1 September: teleconference with NEMOs and regulatory authorities;

- 8 September: discussion with the regulatory authorities during the CACM Task Force meeting[3];
- 22 September: discussion during the meeting with the NEMOs, TSOs, regulatory authorities and the representatives of the European Commission;
- 1 October: teleconference with NEMOs and regulatory authorities;
- 13 October: discussion with the regulatory authorities during the CACM Task Force meeting;
- 29 October: teleconference with NEMOs and regulatory authorities;
- 5-13 November: hearing with NEMOs and regulatory authorities (teleconferences on 5, 9 and 13 November); and
- 25 November: discussion with the regulatory authorities during the ACER Electricity Working Group meeting.

3. ACER'S COMPETENCE TO DECIDE ON THE PROPOSAL

(9) According to Article 9(13) of the CACM Regulation, NEMOs responsible for developing a proposal for terms and conditions or methodologies may request amendments of these terms and conditions or methodologies, which shall be approved in accordance with the procedure set out in that Article.

(10) According to Article 9(6)(h) of the CACM Regulation, a proposal for SDAC products (including their amendments) shall be subject to approval by all regulatory authorities.

(11) According to Article 5(2)(b) of Regulation (EU) 2019/942, proposals for terms and conditions or methodologies, based on network codes and guidelines adopted before 4 July 2019 (i.e. the CACM Regulation), which require the approval of all regulatory authorities, shall be submitted to ACER for revision and approval.

(12) Accordingly, on 24 June 2020, all NEMOs submitted the proposal for amendment of the SDAC products to ACER for revision and approval, thereby making ACER competent to adopt a decision in that respect.

4. SUMMARY OF THE PROPOSAL

(13) The Proposal includes the following elements:

a) the recitals;

b) general provisions, including the scope of application, definitions, publication and currency in Articles 1, 2 and 3;

[3] ACER's platform for discussing all issues connected to the CACM Regulation with the regulatory authorities.

c) the products that can be taken into account in the SDAC in Article 4; and

d) provisions on the timescale for implementation and language in Articles 5 and 6.

(14) The Proposal consists of the following NEMOs' amendments of the SDAC products:

a) redrafting of all recitals; and

b) an addition of a paragraph in Article 4 which introduces a new product: the scalable complex order.

5. SUMMARY OF THE OBSERVATIONS RECEIVED BY ACER

5.1. Consultation of all regulatory authorities, TSOs and NEMOs

(15) All issues described in this decision were consulted with all regulatory authorities, TSOs and NEMOs as stated in paragraph (8) above.

5.2. Public consultation

(16) On 6 October 2020, ACER launched a public consultation on ACER's proposed amendment to the Proposal inviting all market participants to submit their comments by 27 October 2020. In the consultation document, ACER asked stakeholders to provide views on the list of SDAC products as well as any other relevant comments and concerns.

(17) In the public consultation document, ACER described the legal background of the SDAC products and provided a summary of the ACER's proposed amendment to the Proposal. ACER proposed a change in the structure of the document to enhance readability and to reflect the structure of the products that can be taken into account in the SDAC, as approved in accordance with Article 53 of the CACM Regulation. To this end, ACER proposed a similar separation of products: the mandatory products, which are explicitly required by Article 40 of the CACM Regulation and the optional products, which are not explicitly required by this Article.

(18) The summary and the evaluation of the responses received from stakeholders during the public consultation are presented for information in Annex II to this Decision.

5.3. Hearing phase

(19) ACER initiated the hearing phase on 2 November 2020 by providing all NEMOs and all regulatory authorities with ACER's proposed amendment to the Proposal, as well as the reasoning for the proposed changes. The hearing phase lasted until 13 November 2020. During this time, ACER received three requests for a hearing, which were held in a form of teleconferences on 5, 9 and 13 November.

(20) The parties that requested a hearing with ACER raised the following concerns and issues:

(a) Some NEMOs expressed concerns that the functioning and the implementation of corrective measures as defined in the Algorithm methodology[4] is not clear, especially concerning their impact on the mandatory and optional products proposed by ACER.

(b) All NEMOs claimed that merit orders should be determined as mandatory products. ACER proposed that merit orders are determined as optional products, however, NEMOs alleged that they feature the same characteristics as simple (mandatory) orders and only apply a different acceptance criterion while being at-the-money. Therefore, in the NEMOs' opinion, they fulfil the conditions to become mandatory.

(c) All NEMOs provided a comment that Article 5(1) of the amended Proposal consulted during hearing can be misinterpreted, because it only takes into account the introduction of new products, while the aim should be to provide a link to the Algorithm methodology.

(d) One NEMO raised a concern that the decisions of all NEMOs after a submission of a request for change (as determined by the Algorithm methodology) only result in an increase of the research and development budget to accommodate that request for change. Therefore, the budget increase is in most instances the only solution used to address the challenges of dealing with the deteriorating performance of the price coupling algorithm. In this NEMO's view, two possible options to address the price coupling algorithm performance issues would be to (i) have a more standardised set of products across Europe or (ii) attempt to ensure that the TSOs consider the impact on the algorithm performance when making their requests for change.

(e) One NEMO requested a clarification, whether the terms and conditions or methodologies approved within the CACM Regulation supersede national legal requirements. This NEMO provided an example of the case where all NEMOs receive a request for change (as determined by the Algorithm methodology) to cease support of the PUN orders, because it establishes a burden to the price coupling algorithm's performance. In this case, this NEMO does not understand whether the request for change management established by the Algorithm methodology has stronger legal position (being the implementation of the European law) than the Italian law establishing the PUN.

(f) All NEMOs raised a comment that the application of corrective measures on an SDAC product (that would lead to a discontinuation of the availability of that

[4] Methodology for the price coupling algorithm, the continuous trading matching algorithm and the intraday auction algorithm also incorporating a common set of requirements, approved in accordance with Article 37(5) of the CACM Regulation ('Algorithm methodology')

product) can distort the orderly price formation and effective competition, as determined by the CACM Regulation's objectives.

(g) All NEMOs stated that in case the algorithm cannot accommodate all products, they would prefer to give higher priority to maintaining the current complexity of products compared to the implementation of the quarter and half-hourly products. In their views, these complex products better reflect market participant's needs.

6. ASSESSMENT OF THE PROPOSAL

6.1. Legal framework

(21) Article 40 of the CACM Regulation sets out specific requirements for all NEMOs' joint proposal concerning products that can be taken into account in the SDAC.

(22) According to Article 40(1) of the CACM Regulation, NEMOs shall submit a joint proposal concerning products that can be taken into account in the SDAC. Furthermore, NEMOs shall ensure that all orders resulting from these products submitted to the price coupling algorithm are expressed in euros and make reference to the market time[5].

(23) According to Article 40(2) of the CACM Regulation, all NEMOs shall ensure that the price coupling algorithm is able to accommodate orders resulting from these products covering one market time unit ('MTU') and multiple market time units.

(24) According to Article 40(3) of the CACM Regulation, by two years after the entry into force of this Regulation and in every second subsequent year, all NEMOs shall consult in accordance with Article 12 of the CACM Regulation:

(a) market participants, to ensure that available products reflect their needs;

(b) all TSOs, to ensure products take due account of operational security; and

(c) all regulatory authorities, to ensure that the available products comply with the objectives of the CACM Regulation.

(25) According to Article 40(4) of the CACM Regulation, all NEMOs shall amend the products, if needed, pursuant to the results of the consultation referred to in Article 40(3).

(26) As a general requirement, Article 9(9) of the CACM Regulation sets out that every proposal for terms and conditions or methodologies includes a proposed timescale for their implementation and a description of their expected impact on the objectives set out in Article 3 of the CACM Regulation.

[5] See recital (33) on the difference between market time and market time unit.

6.2. Assessment of the legal requirements

6.2.1. Assessment of the requirements for the development and for the content of the proposal

6.2.1.1. Development of the proposal

(27) The Proposal fulfils the requirements of Articles 9(1) and 9(6)(h) of the CACM Regulation, as all NEMOs jointly developed the Proposal and submitted it to ACER for revision and approval.

(28) The first sentence of Article 40(1) of the CACM Regulation is not relevant for the current amendment process, because it refers to a procedure, which started 18 months after the entry into force of the CACM Regulation, when all NEMOs jointly proposed products that can be taken into account in SDAC to all regulatory authorities for approval. The procedure for amendment of the SDAC products has been initiated in accordance with Article 9(13) of the CACM Regulation.

(29) Articles 40(3) and 40(4) of the CACM Regulation set out an obligation to all NEMOs to consult the SDAC products every two years and to request an amendment if needed, pursuant to the results of the consultation. However, ACER understands from the Proposal and from consulting with NEMOs that the Proposal is not resulting from the consultation process pursuant to Articles 40(3) and 40(4) of the CACM Regulation, but rather the Proposal has been submitted on NEMOs' own initiative pursuant to Article 9(13) of the CACM Regulation.

6.2.1.2. Proposed timescale for implementation

(30) The Proposal meets the criteria of Article 9(9) of the CACM Regulation, because Article 5 of the Proposal adequately describes the proposed timescale for implementation.

6.2.1.3. Description of the expected impact on the objectives of the CACM Regulation

(31) The Proposal meets the criteria of Article 9(9) of the CACM Regulation, because its recitals (3) to (9) provide the description of the impact on the objectives set out in Article 3 of the CACM Regulation.

(32) Article 4 of the Proposal includes a sufficient range of SDAC products, which support the objectives of the CACM Regulation, therefore, the Proposal is compliant with Article 3 of the CACM Regulation.

6.2.2. Assessment of the legal requirements for SDAC products

(33) The Proposal fulfils the requirements of the second sentence of Article 40(1) of the CACM Regulation, because Article 3(2) of the Proposal requires that all orders

resulting from these products submitted to the price coupling algorithm shall be expressed in euros and make reference to the market time unit[6].

(34) The Proposal partially fulfils the requirements of Article 40(2) of the CACM Regulation. Article 4 of the Proposal lists the products that can be taken into account in the SDAC covering one market time unit and multiple market time units. Therefore, it fulfils the requirement to propose these products. Nevertheless, the Proposal fails to take into account the fact that some of the proposed products are explicitly required by the Article 40(2) of the CACM Regulation and some of the proposed products are not. ACER understands that the products explicitly required by the Article 40(2) of the CACM Regulation represent a set of minimum requirements regarding the products, therefore, the products resulting from these minimum requirements are legally mandatory. Other products, which are not explicitly required by Article 40(2) of the CACM Regulation are, therefore, not legally mandatory and should be considered as optional. This distinction is important in cases where the price coupling algorithm is not able to accommodate all the products listed in the Proposal and some of the products would need to be removed from the list of products that the algorithm accommodates. In such cases, ACER finds it necessary to ensure that the list of legally mandatory products should not be among those products that the algorithm may discontinue to accommodate, due to performance problems. Therefore, only the optional products are the ones which the algorithm may discontinue to accommodate in case of performance problems.

(35) Therefore, ACER separated Article 4 of the Proposal into two Articles (Articles 4 and 5 of Annex I of this Decision). In Article 4, ACER listed only those products which are mandatory and represent the minimum legal requirements set by Article 40(2) of the CACM Regulation that establishes an obligation for the price coupling algorithm to accommodate at least these products. In Article 5, ACER listed optional products, which can be accommodated by the price coupling algorithm in addition to the mandatory ones, but only if the price coupling algorithm can accommodate them without endangering the performance of the algorithm.

(36) As a result of these amendments, Annex I of this Decision contains the same list of products to those proposed by all NEMOs, ACER only divided them into two different categories, one representing the minimum legal requirements (i.e. the mandatory products) and the second one representing other possible products that the algorithm should accommodate if possible (optional products).

(37) During the hearing, all NEMOs expressed the view that merit orders should be defined as mandatory products. All NEMOs claimed that these merit orders feature the same

[6] All NEMOs, regulatory authorities and ACER agree that the reference to 'market time' in Article 40(1) of the CACM Regulation is a typo and its intended meaning is to read the whole paragraph as: 'NEMOs shall ensure that orders resulting from these products submitted to the price coupling algorithm are expressed in euros and make reference to the market time *unit*'

characteristics as simple (mandatory) orders and only apply a different acceptance criterion while being at-the-money. Therefore in the NEMOs' opinion, these products fulfil the conditions to be determined mandatory.

(38) ACER understands that merit orders are MTU orders that have a specific acceptance criteria in case these orders are marginal or at-the-money (the standard pro-quota criteria is replaced by priority determined by market participants) and that these orders may have a marginal effect on the performance of the price coupling algorithm. Nevertheless, ACER considers that these orders are not within the scope of the meaning of the minimum requirements set out in Article 40(2) of the CACM Regulation. While the standard pro-quota criteria is applied by the algorithm for all MTU products as a standard acceptance criterion that is accommodating the needs of all NEMOs except one, the merit orders have specific additional condition (i.e. the merit order number), which needs to be additionally accommodated by the price coupling algorithm as a specific acceptance criterion.

(39) Therefore, ACER concludes that the merit orders should be determined as optional products. If the effect on the price coupling algorithm's performance is marginal, there should be no concerns regarding their accommodation by the algorithm. However, in the unlikely event that the algorithm cannot accommodate both standard MTU orders and merit orders, the rules governing the SDAC products need to ensure that standard MTU orders have the priority. Finally, ACER would like to emphasise that the purpose of Article 40(2) of the CACM Regulation is to ensure that the algorithm accommodates at least the basic and standard products and such standardisation is crucial in defining the mandatory products. ACER acknowledges that the complex products (determined as optional) brings benefits to the functioning of the SDAC because it offers flexibility to market participants and may better serve their particular needs. Nevertheless, the use of these products is possible only to the extent that enables the price coupling algorithm to accommodate these products without endangering the performance of the algorithm.

(40) All NEMOs provided a comment during the hearing that Article 5(1) of the amended Proposal submitted for the hearing was not clear enough because it was only referring to the introduction of new products rather than providing a reference to the Algorithm methodology.

(41) Therefore, ACER agreed to redraft Article 5(1) of the amended Proposal submitted for the hearing, because it contained a simplification of the SDAC product's governance that could be misinterpreted. The rules of how the SDAC products are governed (i.e. introduced or discontinued) with regard to the price coupling algorithm should indeed be addressed only in the Algorithm methodology. Therefore, ACER amended the aforementioned Article 5(1) in a way that it only contains a link to the Algorithm methodology, thus making it clear and unambiguous that governance of introducing or discontinuing the products is within the scope of the Algorithm methodology.

6.2.3. Assessment of the requirements for consultation, transparency and stakeholder involvement

(42) Article 12 of the CACM Regulation requires that the NEMOs consult stakeholders, including the relevant authorities of each Member State. All NEMOs consulted the SDAC products as described in paragraph (5) above, therefore, fulfilling the requirements of Article 12 of the CACM Regulation.

6.3. Assessment of other provisions

(43) ACER deleted paragraph 5 of the recitals, because it does not contribute to the reasoning and/or assessment of the objectives of the CACM Regulation and rather describes the obligation of NEMOs to consult the SDAC products with market participants as set out in Article 40(3) of the CACM Regulation.

(44) ACER has updated the definitions to reflect the recent legislative changes, i.e. sorted the definitions provided in Article 2(3) of the Proposal alphabetically and deleted the definition of market time unit, which is defined in Article 2 of Regulation (EU) 543/2013.

(45) Moreover, ACER amended the drafting of definitions (2) and (3) of Article 2 of the Proposal and replaced the term 'MTU' by 'period' for the purpose of keeping consistency and aligning the definitions with the Products that can be taken into account by nominated electricity market operators in single intraday coupling auctions approved in accordance with Articles 53 and 55 of the CACM Regulation.

(46) ACER has deleted Article 3(3) of the Proposal in order to remove the connection to the request for change, which is already defined in the Algorithm methodology. Instead, ACER provided a general link to the aforementioned Algorithm methodology in a newly introduced Article 5(1) of Annex I of this Decision.

6.4. Assessment of other inputs received during the hearing phase

(47) Paragraphs (48) to (55) below provide ACER's response to other concerns raised during the hearing, which were not assessed above (in particular concerns of paragraphs 20(a), (d), (e), (f) and (g) of Chapter 5.3):

(48) Some NEMOs expressed concerns that the functioning and the implementation of corrective measures as defined in the Algorithm methodology is not clear, especially concerning their impact on the mandatory and optional products proposed by ACER. ACER clarified to NEMOs that the mandatory products cannot be subject to application of corrective measures, because they constitute a minimum legal requirement set out by Article 40 of the CACM Regulation. Moreover, this minimum requirement is reflected in the Algorithm methodology, which allows the application of the corrective measures only on products that are not the direct legal requirements stemming from the CACM Regulation.

(49) One NEMO raised a concern that the decisions of all NEMOs after a submission of a request for change (as determined by the Algorithm methodology) only result in an increase of the research and development budget to accommodate that request for change. Therefore, the budget increase is in most instances the only solution used to address the challenges of dealing with the deteriorating performance of the price coupling algorithm. In this NEMO's view, two possible options to address the price coupling algorithm performance issues would be to (i) have a more standardised set of products across Europe or (ii) attempt to ensure that the TSOs consider the impact on the algorithm performance when making their requests for change.

(50) ACER considers that this concern is already addressed in the Algorithm methodology, which sets out the governance for NEMOs' processes regarding the requests for change. The Algorithm methodology sets the governance in a way that allows the NEMOs to make decisions which can fulfil the CACM Regulation's objectives. Therefore, if the NEMOs see it more efficient to replace or remove some of the legally non-binding functionalities of the price coupling algorithm (including products), they can submit a request for change proposing more efficient solution, instead of relying only on research and development to improve the algorithm's performance. Moreover, Algorithm methodology ensures that the NEMOs are able to request amendments to the requests for change in case they are not proportionate to their benefit. In conclusion, the choice, whether the increased research and development or limitations of functionalities or and introduction of more standardised products are more efficient, is given to the NEMOs, within the governance framework established in the Algorithm methodology.

(51) One NEMO requested a clarification, whether the terms and conditions or methodologies approved within the CACM Regulation supersede national legal requirements. This NEMO provided an example of the case where all NEMOs receive a request for change (as determined by the Algorithm methodology) to cease support of the PUN orders, because it establishes a burden to the price coupling algorithm's performance. In this case, this NEMO does not understand whether the request for change management established by the Algorithm methodology has stronger legal position (being the implementation of the European law) than the Italian law establishing the PUN.

(52) ACER provided its understanding that the terms and conditions or methodologies are approved in accordance with the relevant EU Regulations, in the present case: the CACM Regulation and Regulation (EU) 2019/943 of the European parliament and of the Council of 5 June 2019 on the internal market for electricity ('Electricity Regulation'), which are directly applicable. The approval decision of ACER establishing the terms and conditions or methodologies is directly applicable, too. As directly applicable EU law provisions, those provisions have primacy over conflicting national legal requirements.

(53) All NEMOs raised a comment that the application of corrective measures on an SDAC product (that would lead to a discontinuation of the availability of that product) can distort the orderly price formation and effective competition, as determined by the

CACM Regulation's objectives. Moreover, All NEMOs stated that in case the algorithm cannot accommodate all products, they would prefer to give higher priority to maintaining the current complexity of products compared to the implementation of the quarter and half-hourly products. In their views, these complex products better reflect market participant's needs.

(54) ACER clarified to NEMOs that the quarter- and half-hourly products are not a new requirement established by an ACER decision, but rather an existing requirement established in Article 8(2) of the Electricity Regulation. ACER generally supports that the algorithm should accommodate complex products, because they reflect the needs of market participants as referred to in Article 40(3)(a) of the CACM Regulation. Nevertheless, ACER notes that the obligation to accommodate quarter- and half-hourly products directly stems from Article 8(2) of the Electricity Regulation and thus cannot be considered as optional. The complex products on the other hand are not directly required by the applicable legal framework and therefore their use may be facilitated to the degree that is possible.

(55) Finally, ACER notes that this Decision will have no impact on the range of optional products supported by the price coupling algorithm, because it only sets out the list of available products that shall (mandatory) or can (optional) be accommodated by the price coupling algorithm. All the governance and rules that enable the NEMOs to make choices and to develop/operate the functionalities of the price coupling algorithm are established in the Algorithm methodology.

7. CONCLUSION

(56) For all the above reasons, ACER considers the Proposal in line with the requirements of the CACM Regulation, provided that the amendments described in this Decision are integrated in the Proposal, as presented in Annex I. The amendments ensure that the Proposal is in line with the purpose of the CACM Regulation and contributes to market integration, non-discrimination, effective competition and the proper functioning of the market.

(57) Therefore, ACER approves the Proposal subject to the necessary amendments. To provide clarity, Annex I to this Decision sets out the Proposal as amended and approved by ACER,

HAS ADOPTED THIS DECISION:

Article 1

The products that can be taken into account in the single day-ahead coupling, developed pursuant to Article 40 of Regulation EU 2015/1222, are adopted as set out in Annex I to this Decision.

Article 2

This Decision is addressed to:

BSP Regionalna Energetska Borza d.o.o.,
CROPEX Ltd,
EirGrid plc,
EPEX Spot SE,
EXAA AG,
GME Spa,
HEnEx SA,
HUPX Zrt.,
Independent Bulgarian Power Exchange (IBEX),
Nasdaq Oslo ASA,
Nord Pool European Market Coupling Operator AS,
OKTE a.s.,
OMIE S.A.,
OPCOM S.A.,
OTE a.s.,
SONI Ltd, and
Towarowa Gielda Energii S.A.

Done at Ljubljana, on 22 December 2020.

- SIGNED -

For the Agency
The Director

C. ZINGLERSEN

Annexes:

Annex I – Products that can be taken into account in the Single Day-Ahead Coupling in accordance with Article 40 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

Annex Ia (for information only) – Products that can be taken into account in the Single Day-Ahead Coupling in accordance with Article 40 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management - with track changes

Annex II (for information only) – Evaluation of Responses to the Public Consultation on the Products that can be taken into account in the Single Day-Ahead Coupling

In accordance with Article 28 of Regulation (EU) 2019/942, the addressees may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of the Agency within two months of the day of notification of this Decision.

In accordance with Article 29 of Regulation (EU) 2019/942, the addressees may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.

ACER decision on the Products That Can be Taken into Account in the Single Day-Ahead Coupling: Annex I

Products That Can be Taken into Account in the Single Day-Ahead Coupling

in accordance with Article 40 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

22 December 2020

Contents

Whereas

(1) These terms and conditions determine the products that can be taken into account in the single day-ahead coupling ('terms and conditions on SDAC products'). They are established in accordance with Article 40 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ('CACM Regulation').

(2) These terms and conditions on SDAC products take into account the general objectives of capacity allocation and congestion management cooperation described in Article 3 of the CACM Regulation, as set out in paragraphs (3) to (9).

(3) The range of products that the NEMOs make available to the market participants as a part of SDAC reflects the needs expressed by market participants along the years of operation. Moreover, it supports overall liquidity with respect to SDAC and, where relevant, over-the-counter trading. Therefore, the terms and conditions on SDAC products promote price resiliency and economic surplus maximisation and an effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation). To ensure that the terms and conditions on SDAC products continue to promote effective competition, the NEMOs shall consult market participants at least every two years to ensure that available products reflect their needs.

(4) The orders resulting from the SDAC products are compatible with the characteristics of the cross-zonal capacity and these terms and conditions on SDAC products help to promote the optimal allocation of cross-zonal capacity and to ensure the optimal use of the transmission infrastructure (Article 3(b) of the CACM Regulation). As all orders resulting from the available products shall be able to access the available cross-zonal capacity via the DA MCO function, these terms and conditions on SDAC products provide for non-discriminatory access to cross-zonal capacity (Article 3(j) of the CACM Regulation).

(5) These terms and conditions on SDAC products ensure operational security (Article 3(c) of the CACM Regulation), because the NEMOs can choose, which products will be supported in the SDAC and because all products allow for simultaneous allocation of energy and cross-zonal capacity. Moreover, if TSOs identify any challenge with respect to operational security they are entitled to request NEMOs to propose an amendment to these terms and conditions for DA products.

(6) The products listed in these terms and conditions on SDAC products are available for all NEMOs to be offered to their respective market participants and are all compatible with SDAC. As a result, these terms and conditions on SDAC products ensure fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants and respect the need for a fair and orderly market and fair and orderly price formation (Articles 3(e) and 3(h) of the CACM Regulation). For each product type, the same attributes should be applied in all bidding zones. There will be no differentiation in order characteristics to ensure a fair market.

(7) By requiring NEMOs to publish and maintain a detailed public description of the SDAC products, these terms and conditions on SDAC products shall ensure and enhance the transparency and reliability of information (Article 3(f) of the CACM Regulation). Moreover, the NEMOs should

involve all stakeholders in any consultation necessary to manage changes to these terms and conditions on SDAC products or the available products.

(8) These terms and conditions on SDAC products create a level playing field for all NEMOs (Article 3(i) of the CACM Regulation), because all products listed in these terms and conditions on SDAC products can be made available to all NEMOs, and any change to the available products should be governed by all NEMOs.

(9) These terms and conditions on SDAC products contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union (Article 3(g) of the CACM Regulation), because all the products allow for efficient implicit allocation of cross-zonal capacity.

Article 1
Subject matter and scope

These terms and conditions on SDAC products determine the products that can be taken into account in the SDAC, in accordance with Article 40 of the CACM Regulation.

Article 2
Definitions

1. The terms used in these terms and conditions on SDAC products shall have the meaning given to them in Article 2 of Regulation (EU) 2019/943, Article 3 of the Regulation (EU) 2017/1485, in Article 2 of Regulation (EU) 543/2013 and Article 2 of Regulation (EU) 2015/1222.

2. In addition, the terms used in these terms and conditions on SDAC products shall have the meaning given to them in the Methodology for the price coupling algorithm, the continuous trading matching algorithm and the intraday auction algorithm, as adopted in accordance with Article 37 of the CACM Regulation and the MCO Plan, as approved in accordance with Article 7(3) of the CACM Regulation.

3. The following definitions shall also apply:

   (a) Acceptance ratio means the minimum percentage on offered volume for which a block order can be accepted. It cannot be different for periods belonging to the same block.

   (b) Maximum payment condition or 'MP' means economical condition that can be associated to complex buy orders aimed at ensuring that the payment related to the order in all periods must not exceed a fixed consumption cost, which is global for the whole set of periods, and a consumption costs per MWh.

   (c) Minimum income condition or 'MIC' means economical condition that can be associated to complex sell orders aimed at ensuring that the income related to the order in all periods must cover at least underlying production costs, quantified by considering the start-up cost of a power plant and operational costs per MWh of the same power plant.

(d) PUN order for each market time unit ('MTU') means an average of clearing prices in the bidding zones where PUN merit orders are active (offered volume from PUN merit orders higher than zero), weighted for total accepted purchases from PUN merit orders.

(e) Scheduled stop means condition that can be added to a MIC and applies when the MIC order is deactivated. It only applies to the periods defined in the condition and treats the cheapest sub-order in these periods as a standard (aggregated) MTU order. The purpose of this condition is to avoid abrupt stop in power generation.

Article 3
General requirements for single day-ahead coupling

1. Each NEMO shall publish in its market rules the list of SDAC products that are available in its NEMO trading hub.
2. All orders resulting from the products submitted to the price coupling algorithm shall be expressed in euros and make reference to an MTU. NEMOs are entitled to arrange that orders submitted by market participants are expressed and settled in local currencies or euros.
3. Demand or supply aggregated MTU orders are offers from all market participants submitted in the same bidding zone and aggregated into a single curve referred to as aggregated demand or aggregated supply curve defined for each relevant period of the day. Orders are sorted by price:
   (a) demand orders are sorted from the highest price to the lowest; and
   (b) supply orders are sorted from the lowest to the highest price.
4. The aggregated MTU orders can be:
   (a) linear piecewise curves containing only interpolated orders (curves should be strictly monotonous i.e. two consecutive points of the same curve cannot have the same price, except for the first two points defined at the maximum / minimum prices of the bidding zone); or
   (b) stepwise curves containing only step orders (curves should be monotonous i.e. two consecutive points always have either the same price or the same quantity); or
   (c) hybrid curves containing both types of orders (composed by both linear and stepwise segments).
5. One demand (respectively, supply) MTU order is 'in-the-money' when the market clearing price is lower (respectively, higher) than the price of the MTU order. Any order in-the-money must be fully accepted.
6. One demand (respectively, supply) MTU order is 'out-of-the-money' when the market clearing price is higher (respectively, lower) than the price of the MTU order. Any order out-of-the-money must be rejected.
7. One demand or supply MTU order is 'at-the-money' when the price of the MTU order is equal to the market clearing price. Any order at-the-money can be either accepted (fully or partially) or rejected.

Article 4
Mandatory products for single day-ahead coupling

1. The SDAC algorithm shall support products covering one MTU:
   (a) Hourly: the product supports trading power contracts, one for each hour of the calendar day.
   (b) Half-hourly: the product supports trading power contracts, one for each half-hour of the calendar day.
   (c) Quarter-hourly: the product supports trading power contracts, one for each quarter-hour of the calendar day.
2. The SDAC algorithm shall support products covering multiple MTUs by combining products, pursuant to the previous paragraph 1, in the form of simple block orders:
   (a) A simple block order consists of a fixed price limit (minimum price for sales block and maximum price for purchase blocks), a minimum acceptance ratio and a volume for a number of MTUs. If volume is not the same for all periods, the block is defined also as a profile block;
   (b) Simple block orders cannot be accepted for a volume less than their minimum acceptance ratio. Acceptance ratio must be the same for all MTUs belonging to the block;
   (c) For simple block orders, one single price shall be calculated on the volume-weighted average of the respective MTUs' market clearing prices; and
   (d) The condition of rejection for a simple block order depends on the block volume-weighted average marginal clearing prices over all periods:
      (i) sales simple block orders must be rejected if the block's volume-weighted average market clearing price is lower than the block order price;
      (ii) purchase simple block orders must be rejected if the block's volume-weighted average market clearing price is higher than the simple block order price; and
      (iii) a simple block order can be paradoxically rejected (not accepted in-the-money block), but not paradoxically accepted (accepted out-of-the-money block).

Article 5
Optional products for single day-ahead auctions

1. The optional products in the SDAC are subject to the rules and governance described in the Methodology for the price coupling algorithm, the continuous trading matching algorithm and the intraday auction algorithm, as adopted in accordance with Article 37 of the CACM Regulation.
2. Optional products for SDAC are:
   (a) **Complex block orders** are the simple block orders as defined in Article 4(2) with the following additional characteristics:
      (i) linked block orders means that simple block orders in the same bidding zone can be linked together in a parent-child relation. A child block order cannot be accepted if the parent one is rejected. An out-of-the-money parent block order

can be saved by one or more in-the-money children block orders (if the child's acceptance compensates, in terms of economic surplus, the loss associated to parent's acceptance);

(ii) exclusive group of block orders means a set of simple block orders for which the sum of the acceptance ratios cannot exceed 1; and

(iii) a flexible MTU order means a simple block order with a duration of a single time period but for which the period is let free (not defined by the participant). The period, in which the flexible MTU order is accepted, is calculated by the algorithm and determined by the optimization criterion which maximizes the economic surplus.

(b) **MIC orders** (respectively, **MP orders**) are composed of:

(i) 'N' set of MTU sub-orders (sell for MIC orders; buy for MP orders, whereas N is the number of MTUs included in a day), one set per MTU;

(ii) an economic condition, which represents the minimum income (respectively, the maximum payment) expected by order's owner defined by a fix term in euros or a variable term in euros per accepted MWh.

If the economic condition is not fulfilled, the MIC order (respectively, MP orders) must be rejected. If the economic condition is fulfilled, the MIC order (respectively, MP order) can be accepted. If the economic condition is fulfilled but the MIC order (respectively, MP order) order is rejected, the MIC order (respectively, MP orders) is then defined as paradoxically rejected.Scheduled stop condition only applies to deactivated MIC orders and only in the periods declared as part of the scheduled stop interval by the MIC order. In case in which a MIC order is deactivated, the first MTU sub-order of the set of offers belonging to the deactivated MIC order in the MTU will remain activated and they will be accepted if they are in-the-money and could be accepted if they are at-the-money).

(c) **Scalable MIC orders** (respectively, scalable MP orders) are composed of:

(i) 'N' set of MTU sub-orders (sell for scalable MIC orders; buy for scalable MP orders, whereas N is the number of MTUs included in a day), one set per MTU;

(ii) an economic condition, which represents the minimum income (respectively, the maximum payment) expected by order's owner defined by a fix term in euros and the price of each sub-order in the N-set of MTU sub-orders in euros per accepted MWh of each sub-order.

(iii) a minimum acceptance volume, one value per MTU.

If the economic condition is not fulfilled, the scalable MIC order (respectively, scalable MP order) must be rejected. If the economic condition is fulfilled, the scalable MIC order (respectively, scalable MP order) can be accepted. If the economic condition is fulfilled but the scalable MIC order (respectively, scalable MP order) is rejected, the scalable MIC order (respectively, scalable MP order) is then defined as paradoxically rejected.

Scalable MIC orders (respectively, scalable MP) orders cannot be accepted for a volume less than the minimum acceptance volume defined for all and each one of the minimum acceptance volume of the MTU.

Scheduled stop condition only applies to deactivated scalable MIC orders and only in the periods declared as part of the scheduled stop interval by the scalable MIC order. In case in which a scalable MIC order is deactivated, the first MTU sub-order of the set of offers belonging to the deactivated scalable MIC order in an MTU will remain activated and they will be accepted if they are in-the-money and could be accepted if they are at-the-money.

(d) **Load gradient orders** mean MIC or scalable MIC orders with a condition that limits the variation between the accepted volume of an order in a MTU and the accepted volume of the same order in the adjacent MTUs, according to an increase gradient and/or a decrease one and come with or without MIC condition. Between two consecutive MTUs, the accepted volume of a load gradients order cannot vary by more than the defined gradients.

(e) **Merit orders and PUN merit orders** are a 'stepwise' MTU orders per bidding zone that include a 'merit order number'. That number sets the acceptance priority between merit orders at the same price (pro-quota criteria are not applied for merit orders).

Merit selling or buying orders:

(i) are cleared at their own bidding zone clearing price;
(ii) must be accepted if in-the-money;
(iii) must be rejected if out-the-money;
(iv) can be accepted or rejected if at-the-money; and
(v) cannot be paradoxically accepted or rejected.

PUN merit orders:

(i) are buying merit orders cleared at PUN price;
(ii) must be accepted if in the money;
(iii) must be rejected if out the money;
(iv) can be accepted or rejected if at the money; and
(v) cannot be paradoxically accepted or rejected.

Article 6
Timescale for implementation

1. Upon approval of these terms and conditions on SDAC products, each NEMO shall publish them on the internet in accordance with Article 9(14) of the CACM Regulation.
2. The NEMOs shall implement these terms and conditions on SDAC products immediately after their adoption.

Article 7
Language

The reference language for these terms and conditions on SDAC products shall be English. For the avoidance of doubt, where NEMOs need to translate these terms and conditions on SDAC products into the national language(s) of a relevant national regulatory authority, in the event of inconsistencies between the English version published by the NEMOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant NEMOs shall be obliged to dispel any inconsistencies by providing a revised translation of these terms and conditions on SDAC products to the relevant national regulatory authorities.

Document title (for publication):

Products ~~that can~~That Can be ~~taken~~Taken into ~~account by NEMOs~~Account in ~~single day-ahead coupling~~ the Single Day-Ahead Coupling

Link title:

Products That Can be Taken into Account in the Single Day-Ahead Coupling

Deadline to issue the decision:

24 December 2020

Case handler:

Pavel Svoboda

Products That Can be Taken into Account in the Single Day-Ahead Coupling

in accordance with Article 40 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

~~12th June~~

22 December 2020

~~Whereas~~

~~*Background*~~

Contents

Whereas

(1) These terms and conditions determine the products that can be taken into account in the single day-ahead coupling ('terms and conditions on SDAC products'). They are established in accordance with Article 40 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ('CACM Regulation').

(2) These terms and conditions on SDAC products take into account the general objectives of capacity allocation and congestion management cooperation described in Article 3 of the CACM Regulation, as set out in paragraphs (3) to (9).

(3) The range of products that the NEMOs make available to the market participants as a part of SDAC ~~promotes~~reflects the needs expressed by market participants along the years of operation. Moreover, it supports overall liquidity with respect to SDAC and, where relevant, over-the-counter trading. Therefore, the terms and conditions on SDAC products promote price resiliency and economic surplus maximisation and an effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation). To ensure that the terms and conditions on SDAC products continue to promote effective competition, the NEMOs shall consult market participants at least every two years to ensure that available products reflect their needs.

~~(4) The range of products that NEMOs are able to make available to market participants as part of SDAC reflects the needs expressed by market participants along the years. As such, the proposed range of product supports overall liquidity with respect to SDAC and where relevant over the counter (OTC) trading, and the DA Products Proposal promotes price resiliency and economic surplus maximisation.~~

~~(5)~~(4) The orders resulting from the SDAC products are compatible with the characteristics of the cross-zonal capacity and these terms and conditions on SDAC products help to promote the optimal allocation of cross-zonal capacity and to ensure the optimal use of the transmission infrastructure (Article 3(b) of the CACM Regulation). As all orders resulting from the available products shall be able to access the available cross-zonal capacity via the DA MCO function, these terms and conditions on SDAC products provide for non-discriminatory access to cross-zonal capacity (Article 3(j) of the CACM Regulation).

~~(6)~~(5) These terms and conditions on SDAC products ensure operational security (Article 3(c) of the CACM Regulation), because the NEMOs can choose, which products will be supported in the SDAC and because all products allow for simultaneous allocation of energy and cross-zonal capacity. Moreover, if TSOs identify any challenge with respect to operational security they are entitled to request NEMOs to propose an amendment to these terms and conditions for DA products.

~~(7)~~(6) The products listed in these terms and conditions on SDAC products are available for all NEMOs to be offered to their respective market participants and are all compatible with SDAC. As a result, these terms and conditions on ~~SIDC~~SDAC products ensure fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants and ~~respects~~respect the need for a fair and orderly market and fair and orderly price formation (Articles 3(e) and 3(h) of the CACM Regulation). For each product type, the same attributes should be

applied in all bidding zones. There will be no differentiation in order characteristics to ensure a fair market.

~~(8)~~(7) By requiring NEMOs to publish and maintain a detailed public description of the SDAC products, these terms and conditions on SDAC products shall ensure and enhance the transparency and reliability of information (Article 3(f) of the CACM Regulation). Moreover, the NEMOs should involve all stakeholders in any consultation necessary to manage changes to these terms and conditions on SDAC products or the available products.

~~(9)~~(8) These terms and conditions on SDAC products create a level playing field for all NEMOs (Article 3(i) of the CACM Regulation), because all products listed in these terms and conditions on SDAC products can be made available to all NEMOs, and any change to the available products should be governed by all NEMOs.

~~(10)~~(9) These terms and conditions on SDAC products contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union (Article 3(g) of the CACM Regulation), because all the products allow for efficient implicit allocation of cross-zonal capacity.

Article 1
Subject matter and scope

~~The products accommodated in SDAC as determined in this DA Products Proposal is the common proposal by all NEMOs~~These terms and conditions on SDAC products determine the products that can be taken into account in the SDAC, in accordance with Article 40 of the CACM Regulation ~~(EU) 2015/1222~~.

Article 2
Definitions

1. ~~For the purpose of this proposal,~~The terms used in these terms and conditions on SDAC products shall have the meaning given to them in Article 2 of Regulation (EU) 2019/943, Article 3 of the ~~definitions included~~Regulation (EU) 2017/1485, in Article 2 of Regulation ~~*2015/1222*, the other items~~(EU) 543/2013 and Article 2 of ~~legislation referenced therein and MCO Plan.~~ Regulation (EU) 2015/1222.

In addition, the ~~following definitions shall apply:~~

2. ~~**Request**~~terms used in these terms and conditions on SDAC products shall have the meaning given to them in the Methodology for ~~**Change**: means a formal request by one or more parties for any modification to be made to~~ the price coupling algorithm ~~or~~, the continuous trading matching algorithm ~~or~~and the intraday auction algorithm, as adopted in accordance with Article 37 of the CACM Regulation and the MCO Plan, as approved in accordance with Article 7(3) of the CACM Regulation.

3. The following definitions shall also apply:

(a) Acceptance ratio means the minimum percentage on offered volume for which a block order can be accepted. It cannot be different for periods belonging to ~~its usage in production.~~ the same block.

(b) Maximum ~~**Payment Condition (MP):**~~payment condition or 'MP' means economical condition that can be associated to complex buy orders aimed at ensuring that the payment related to the order in all ~~MTUs~~periods must not exceed a fixed consumption cost, which is global for the whole set of ~~MTUs~~periods, and a consumption costs per MWh.

(c) Minimum ~~**Income Condition (MIC):**~~income condition or 'MIC' means economical condition that can be associated to complex sell orders aimed at ensuring that the income related to the order in all ~~MTUs~~periods must cover at least underlying production costs, quantified by considering the start-up cost of a power plant and operational costs per MWh of the same power plant.

~~(d)(a)~~ ~~**Scheduled Stop**: means condition that can be added to a MIC and applies when the MIC order is deactivated. It only applies to the MTUs defined in the condition and treats the cheapest sub-order in these MTUs as a standard (aggregated) market time unit order. The purpose of this condition is to avoid abrupt stop in power generation.~~

~~1. **Acceptance Ratio**: means the minimum percentage on offered volume for which a block order can be accepted. It cannot be different for MTUs belonging to the same block.~~

~~2. **MTU**: means market time unit.~~

~~(e)~~(d) PUN order~~:~~ for each ~~MTU,~~market time unit ('MTU') means an average of clearing prices in the bidding zones where PUN merit orders are active (offered volume from PUN merit orders ~~bigger~~higher than ~~0~~zero), weighted for total accepted purchases from PUN merit orders.

(e) Scheduled stop means condition that can be added to a MIC and applies when the MIC order is deactivated. It only applies to the periods defined in the condition and treats the cheapest sub-order in these periods as a standard (aggregated) MTU order. The purpose of this condition is to avoid abrupt stop in power generation.

Article 3
General ~~Requirements~~requirements for single day-ahead coupling

1. Each NEMO shall publish ~~to~~in its market ~~participants~~rules the list of ~~the~~ SDAC products that are available ~~products in the relevant NEMO's market rules~~in its NEMO trading hub.

2. All orders resulting from ~~these~~the products submitted to the price coupling algorithm shall be expressed in euros and make reference to ~~the~~an MTU. NEMOs are entitled to arrange that orders submitted by market participants are expressed and settled in local currencies or euros.

~~1. New or modified products are subject to a Request for Change, which is subject to the Change Management Principles established in the Algorithm Proposal.~~

~~*Article 4*~~

~~**Single Day Ahead Coupling products**~~

~~1. The price coupling algorithm shall support the following products, covering one or multiple MTUs:~~

~~**Aggregated MTUs orders**~~

3. Demand ~~(respectively, or~~ supply~~)~~ aggregated ~~MTUs~~MTU orders are ~~indicated~~ offers from all market participants submitted in the same bidding zone and aggregated into a single curve referred to as aggregated demand ~~(respectively,~~or aggregated supply~~)~~ curve defined for each relevant ~~MTU~~period of the day. Orders are sorted by price:
   (a) ~~Demand~~demand orders are sorted from the highest price to the lowest; and
   (b) ~~Supply~~supply orders are sorted from the lowest to the highest price.
4. ~~Following kind of~~The aggregated ~~MTUs~~MTU orders ~~exist:~~can be:
   (a) ~~Linear~~linear piecewise curves containing only interpolated orders (curves should be strictly monotonous i.e. two consecutive points of the same curve cannot have the same price, except for the first two points defined at the maximum / minimum prices of the bidding zone~~)~~); or
   (b) ~~Stepwise~~stepwise curves containing only step orders (curves should be monotonous i.e. two consecutive points always have either the same price or the same quantity~~).~~); or
   (c) ~~Hybrid~~hybrid curves containing both types of orders (composed by both linear and stepwise segments).
5. One demand (respectively, supply) MTU order is ~~said to be~~ 'in-the-~~money~~money' when the market clearing price is lower (respectively, higher) than the price of the MTU order. Any order in-the-money must be fully accepted.
6. One demand (respectively, supply) MTU order is ~~said to be~~ 'out-of-the-~~money~~money' when the market clearing price is higher (respectively, lower) than the price of the MTU order. Any order out-of-the-money must be rejected.
7. One demand or supply MTU order is ~~said to be~~ 'at-the-~~money~~money' when the price of the MTU order is equal to the market clearing price. Any order at-the-money can be either accepted (fully or partially) or rejected.

Article 4
Mandatory products for single day-ahead coupling

The ~~**Complex orders**~~

~~2. Complex orders comprise MIC orders (respectively MP orders) and load gradient orders.~~
~~3. MIC orders (respectively, MP orders) are composed by:~~
   ~~a) N set of MTU sub-orders (sell for MIC orders; buy for MP orders, whereas N is the number of MTUs included in a day), one set per MTU;~~
   ~~b) An economic condition, which represents the minimum income (respectively, maximum payment) expected by order's owner defined by:~~
      ~~i. A fix term in euros;~~
      ~~ii. A variable term in euros per accepted MWh.~~
~~4. If the economic condition is not fulfilled, the MIC (respectively, MP) order must be rejected. If the economic condition is fulfilled, the MIC (respectively, MP) order could be accepted. If the economic condition is~~

fulfilled but the MIC (respectively, MP) order is rejected, the MIC (respectively, MP) order is then defined as "paradoxically rejected".

1. Scheduled Stop condition only applies to deactivated MIC orders and only in the MTUs declared as part of the Scheduled Stop interval by the MIC order. In case on which MIC order is deactivated, the first MTU sub-order of the set of offers belonging to the deactivated MIC order in the MTU will remain activated and they will be (could be) accepted if they are in the money (at the money).SDAC algorithm shall support products covering one MTU:
   (a) Hourly: the product supports trading power contracts, one for each hour of the calendar day.
   (b) Half-hourly: the product supports trading power contracts, one for each half-hour of the calendar day.
   (c) Quarter-hourly: the product supports trading power contracts, one for each quarter-hour of the calendar day.
2. The SDAC algorithm shall support products covering multiple MTUs by combining products, pursuant to the previous paragraph 1, in the form of simple block orders:

A simple

(f)(a) **Load gradient orders**: (sell complex order with or without MIC condition) condition that limits the variation between the accepted volume of an order in a MTU and the accepted volume of the same order in the adjacent MTUs, according to an increase gradient and/or a decrease one. **Between two consecutive MTUs, the accepted volume of a load gradients order cannot vary by more than the defined gradients.**

Scalable complex orders

5. Scalable complex orders comprise scalable MIC orders (respectively scalable MP orders) and load gradient orders.
6. Scalable MIC orders (respectively, scalable MP orders) are composed by:
   c) N set of MTU sub-orders (sell for scalable MIC orders; buy for scalable MP orders, whereas N is the number of MTUs included in a day), one set per MTU;
   d) An economic condition, which represents the minimum income (respectively, maximum payment) expected by order's owner defined by:
      A fix term in euros;
      iii. The price of each sub-order in the N set of MTU sub-orders in euros per accepted MWh of each sub-order.
   e) A minimum acceptance volume, one value per MTU.
7. If the economic condition is not fulfilled, the scalable MIC (respectively, scalable MP) order must be rejected. If the economic condition is fulfilled, the scalable MIC (respectively, scalable MP) order could be accepted. If the economic condition is fulfilled but the scalable MIC (respectively, scalable MP) order is rejected, the scalable MIC (respectively, scalable MP) order is then defined as "paradoxically rejected".
8. The scalable MIC (respectively, scalable MP) orders cannot be accepted for a volume less than the minimum acceptance volume defined for all and each one of the minimum acceptance volume of the MTU.
9. Scheduled Stop condition only applies to deactivated scalable MIC orders and only in the MTUs declared as part of the Scheduled Stop interval by the scalable MIC order. In case on which scalable MIC order is deactivated, the first MTU sub-order of the set of offers belonging to the deactivated scalable MIC order in the MTU will remain activated and they will be (could be) accepted if they are in the money (at the money).
10. Load gradient orders: (sell complex order with or without MIC condition) condition that limits the variation between the accepted volume of an order in a MTU and the accepted volume of the same order in the adjacent MTUs, according to an increase gradient and/or a decrease one. Between two consecutive MTUs, the accepted volume of a load gradients order cannot vary by more than the defined gradients.

~~Block orders~~

(a) ~~A~~ block order consists of a fixed price limit (minimum price for sales block and maximum price for purchase blocks), a minimum acceptance ratio and a volume for a number of MTUs. If volume is not the same for all ~~MTU~~ periods, the block is defined also as a profile block~~.~~;

(b) ~~Block~~Simple block orders cannot be accepted for a volume less than their minimum acceptance ratio. Acceptance ratio must be the same for all MTUs belonging to the block~~.~~;

(c) For simple block orders, one single price shall be calculated on the volume~~-~~-weighted average of the respective ~~MTUs~~MTUs' market clearing prices~~.~~; and

(d) The condition of rejection for a simple block order depends on the block volume~~-~~-weighted average ~~margin~~marginal clearing prices over all ~~MTUs~~periods:

(i) ~~Sales~~sales simple block orders must be rejected if the ~~block~~block's volume~~-~~-weighted average ~~MCP (~~market clearing price~~)~~ is lower than the block order price;

(ii) ~~Purchase~~purchase simple block orders must be rejected if the ~~block~~block's volume~~-~~-weighted average ~~MCP (~~market clearing price~~)~~ is higher than the simple block order price; and

(iii) ~~A~~a simple block order can be paradoxically rejected (not accepted in~~-~~-the~~-~~money block), but not paradoxically accepted (accepted out~~-~~-of~~-~~-the~~-~~money block).

~~Linked~~

Article 5
Optional products for single day-ahead auctions

1. The optional products in the SDAC are subject to the rules and governance described in the Methodology for the price coupling algorithm, the continuous trading matching algorithm and the intraday auction algorithm, as adopted in accordance with Article 37 of the CACM Regulation.
2. Optional products for SDAC are:

(a) **Complex block orders** are the simple block orders as defined in Article 4(2) with the following additional characteristics:

(i) linked block orders~~:~~ means that simple block orders in the same bidding zone can be linked together in a parent-child relation. A child block order cannot be accepted if the parent one is rejected. An out~~-~~-of~~-~~-the-money parent block order can be saved by one or more in~~-~~-the~~-~~-money children ~~blocks~~block orders (if the child's acceptance compensates, in terms of economic surplus, the loss associated to parent's acceptance~~).~~);

(ii) ~~Exclusive groups~~exclusive group of block orders~~: is~~ means a set of simple block orders for which the sum of the acceptance ratios cannot exceed 1~~.~~; and

(iii) ~~Flexible MTU orders:~~ a flexible MTU order ~~is~~means a ~~regular~~simple block order with a duration of a single time period but for which the ~~MTUs~~period is let free (not defined by the participant). The ~~MTU~~period, in which the flexible MTU order is accepted, is calculated by the algorithm and determined by the optimization criterion which maximizes the economic surplus.

MIC

~~(g)~~(b) ~~**Merit**~~ **orders** ~~**and PUN**~~(respectively, **MP orders**) are composed of:

'N' set of MTU sub-

(i) ~~Merit~~ orders ~~and PUN~~(sell for MIC orders~~: "Stepwise" MTU~~ ; buy for MP orders, whereas N is the number of MTUs included in a day), one set per MTU;

(ii) an economic condition, which represents the minimum income (respectively, the maximum payment) expected by order's owner defined by a fix term in euros or a variable term in euros per accepted MWh.

If the economic condition is not fulfilled, the MIC order (respectively, MP orders) must be rejected. If the economic condition is fulfilled, the MIC order (respectively, MP order) can be accepted. If the economic condition is fulfilled but the MIC order (respectively, MP order) order is rejected, the MIC order (respectively, MP orders) is then defined as paradoxically rejected.Scheduled stop condition only applies to deactivated MIC orders and only in the periods declared as part of the scheduled stop interval by the MIC order. In case in which a MIC order is deactivated, the first MTU sub-order of the set of offers belonging to the deactivated MIC order in the MTU will remain activated and they will be accepted if they are in-the-money and could be accepted if they are at-the-money).

(c) **Scalable MIC orders** (respectively, scalable MP orders) are composed of:

(i) 'N' set of MTU sub-orders (sell for scalable MIC orders; buy for scalable MP orders, whereas N is the number of MTUs included in a day), one set per MTU;

(ii) an economic condition, which represents the minimum income (respectively, the maximum payment) expected by order's owner defined by a fix term in euros and the price of each sub-order in the N-set of MTU sub-orders in euros per accepted MWh of each sub-order.

(iii) a minimum acceptance volume, one value per MTU.

If the economic condition is not fulfilled, the scalable MIC order (respectively, scalable MP order) must be rejected. If the economic condition is fulfilled, the scalable MIC order (respectively, scalable MP order) can be accepted. If the economic condition is fulfilled but the scalable MIC order (respectively, scalable MP order) is rejected, the scalable MIC order (respectively, scalable MP order) is then defined as paradoxically rejected.

Scalable MIC orders (respectively, scalable MP) orders cannot be accepted for a volume less than the minimum acceptance volume defined for all and each one of the minimum acceptance volume of the MTU.

Scheduled stop condition only applies to deactivated scalable MIC orders and only in the periods declared as part of the scheduled stop interval by the scalable MIC order. In case in which a scalable MIC order is deactivated, the first MTU sub-order of the set of offers

belonging to the deactivated scalable MIC order in an MTU will remain activated and they will be accepted if they are in-the-money and could be accepted if they are at-the-money.

(d) **Load gradient orders** mean MIC or scalable MIC orders with a condition that limits the variation between the accepted volume of an order in a MTU and the accepted volume of the same order in the adjacent MTUs, according to an increase gradient and/or a decrease one and come with or without MIC condition. Between two consecutive MTUs, the accepted volume of a load gradients order cannot vary by more than the defined gradients.

(h)(e) **Merit orders and PUN merit orders** are a 'stepwise' MTU orders per bidding zone that includes a merit order number. This include a 'merit order number'. That number shall act as tie-break rule settingsets the acceptance priority between merit orders at the same price (pro-quota criteria are not applied for merit orders). Merit orders can be divided in:

Merit Selling/selling or buying merit orders:

(i) Clearedare cleared at their own bidding zone clearing price;
(ii) Mustmust be accepted if in-the-money;
(iii) Mustmust be rejected if out-the-money;
(iv) Cancan be accepted or rejected if at-the-money; and
(v) Cannotcannot be paradoxically accepted or rejected.

PUN merit orders:

(i) Buyingare buying merit orders cleared at PUN price;
(ii) Mustmust be accepted if in the money;
(iii) Mustmust be rejected if out the money;
(iv) Cancan be accepted or rejected if at the money; and
(v) Cannotcannot be paradoxically accepted or rejected.

11. The usage and parameterisation of any individual product is a decision of each individual NEMO, subject, to the extent it has an impact on the algorithm performance, to the application of the Change Control Procedure established under the Algorithm Proposal.

Article 5

6
Timescale for implementation

1. Upon approval of the DA Products Proposalthese terms and conditions on SDAC products, each NEMO shall publish itthem on the internet in accordance with Article 9(14) of the CACM Regulation.

2. The NEMOs shall implement the DA Products Proposal with respect to the implementation of thethese terms and conditions on SDAC, products immediately after the approval by the NRAs of the DA Products Proposal, and with respect to the operation of the SDAC immediately after the MCO function has been implemented in accordance with the approved MCO Plan in line with their adoption.

~~2.~~ Article 7~~(3) of the CACM Regulation.~~

~~*Article 6*~~

Language

The reference language for ~~this proposal~~these terms and conditions on SDAC products shall be English. For the avoidance of doubt, where NEMOs need to translate ~~this proposal~~these terms and conditions on SDAC products into ~~their~~the national language(s~~),~~) of a relevant national regulatory authority, in the event of inconsistencies between the English version published by the NEMOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant NEMOs shall be obliged to dispel any inconsistencies by providing a revised translation of ~~this proposal to their~~these terms and conditions on SDAC products to the relevant national regulatory authorities.

ACER decision on the Products That Can be Taken into Account in the Single Day-Ahead Coupling: Annex II

Evaluation of Responses to the Public Consultation on the Products That Can be Taken into Account in the Single Day-Ahead Coupling

1 Introduction

Pursuant to Article 40 of the CACM Regulation, all Nominated Electricity Market Operators ('NEMOs') must develop a proposal for products that can be taken into account by NEMOs in intraday coupling processes.

Pursuant to Recital 25, Article 5(6) and Article 6(11) of the Regulation (EU) 2019/942, ACER needs to consult interested parties and at least ENTSO for Electricity and the regulatory authorities to ensure that the Decision is in line with the purpose of the CACM Regulation and contributes to market integration, non-discrimination, effective competition and the proper functioning of the market.

In order to take an informed decision, ACER launched a public consultation on 6 October 2020 inviting all interested parties to express their views on potential amendments of the proposal for amendment submitted by all NEMOs. The closing date for sending the responses was 27 October 2020.

2 Responses

By the end of the consultation period, ACER received comments from 19 respondents.

This evaluation paper summarises all the respondents' comments and how these comments were considered by ACER. The table below is organised according to the consultation questions and provides the respective views from the respondents, as well as a response from ACER clarifying how their comments were taken into account in the present Decision.

Respondents' views	ACER views
Question 1: Do you agree with the choice of day-ahead products proposed by all NEMOs?	
All respondents provided an answer to this question.	
Norsk Hydro and Elia support the consulted version of the day-ahead products proposal.	
Several respondents would like to move certain products from optional to mandatory arguing that they are crucial for the functioning of SDAC: Energie AG, CEZ, Eurelectric, Enel, EFET, EAI, EDP: linked bids CEZ, Eurelectric, EDF, Enel, EFET, EAI, EDP: exclusive bids Naturgy, EDF, Enel, EAI: MIC orders EDF, Enel, EAI: PUN orders	ACER clarifies in the present Decision that the meaning of 'mandatory products' is that it represents a list of products that must be (as a minimum legal requirement) accommodated by the price coupling algorithm. Therefore, the choice of mandatory products is fixed, because it is determined by the provisions set out in the CACM Regulation. Thus, the group of mandatory products cannot be extended by any other products. On the other hand, any product that complies with the objectives of the CACM Regulation can be added to the list of optional products. The set of optional products should reflect the market participants needs and establishes the choice of products the NEMOs can offer to market participants if the price coupling algorithm's performance allows for it. The elimination or replacement of products from the list of optional products represents the NEMOs' choice and ACER did not alter the listed products anyhow. All the governance and rules that enable the NEMOs to make choices and to develop/operate the functionalities of the price coupling algorithm are established in the Algorithm methodology.
Naturgy would like to eliminate the load gradient orders. Edison SpA and AIGET highlight that PUN orders are not a market product, but rather a characteristic of the Italian market. EFET suggests that local/national market design features hinder the SDAC and that MIC and PUN orders could be replaced by more sophisticated block orders, if it helped to relieve the pressure on the algorithm performance. EDP indicates that the MIC orders in Spain no longer cover their needs (Scalable MIC are perceived as an improvement) and would appreciate the introduction of complex block orders. Elia and EPEX SPOT would appreciate a move to more 'European' approach and decreased complexity, where the historical and national approaches would be phased out.	
UPM supports the principle that the optional products can only be introduced to SDAC under the condition that the SDAC algorithm is	In the Algorithm methodology, ACER introduced a list of priorities that need to be supported by the price coupling algorithm. All these priorities stem

Respondents' views	ACER views
able to accommodate them together with all current and future requirements, while securing at least an adequate level of performance.	from the existing regulation. Therefore, this principle represents the current legal framework in European electricity markets.
HSE, Nord Pool EMCO and EPEX SPOT point out that it is not clear under what conditions the optional products will be available (especially in connection to Article 5(1) of the consulted version of the day-ahead products proposal). Moreover, it is not clear from that article what is the adequate level of performance.	ACER agrees with the comment and redrafted Article 5(1) because it contained a simplification of the SDAC product's governance that could be misinterpreted. The rules of how the SDAC products are governed (i.e. introduced or discontinued) with regard to the price coupling algorithm should indeed be addressed in the Algorithm methodology. Therefore, ACER amended Article 5(1) such that it only contains a link to the Algorithm methodology, thus making it clear and unambiguous that the governance framework for introducing or discontinuing the products is only in the scope of the Algorithm methodology.
SEMOpx sees no value in separating products into mandatory and optional.	ACER divided the products into mandatory and optional to underline the minimum legal requirement of the CACM Regulation (mandatory products) that the price coupling algorithm must accommodate. Optional products can be accommodated if they reflect market participants' needs and if the performance of the price coupling algorithm remains adequate (i.e. allows for normal operation of the SDAC).
Any other comments:	
CEZ, EDF, Nord Pool EMCO, Enel, EFET and AIGET would like to stress the importance of complex products and would be willing to postpone the implementation of the quarterly and half-hourly products if their implementation caused any limitations (e.g. the introduction of corrective measures) to the choice of the complex products. Such limitation would harm the price formation within SDAC, decrease the power valuation flexibility needed e.g. for start-up/shut-down and motivate market participants to use local markets, which would allow the use of such products. Naturgy assumes that the removal of MIC orders would increase the market price and transaction costs.	ACER generally supports that the algorithm should accommodate complex products because they reflect the needs of market participants as referred to in Article 40(3)(a) of the CACM Regulation. Nevertheless, ACER would like to clarify that the quarter- and half-hourly products are an existing requirement established in Article 8(2) of the Electricity Regulation (2019/943). Therefore, ACER concludes that the obligation to accommodate quarter- and half-hourly products cannot be considered as optional and is directly binding. The complex (optional) products on the other hand are not directly required by any applicable legal framework, hence, their use may be facilitated only to the degree that is possible.

Respondents' views	ACER views
Eurelectric and Enel expressed the opinion that any limitation to products should comply with the national regulations (e.g. MIC, PUN) and allow market participants to optimise their assets. To the contrary, EPEX SPOT seeks clarification whether the corrective measures can 'overrule' the national requirements.	The present ACER Decision represents the implementation of the CACM Regulation. Generally, the terms and conditions or methodologies are approved in accordance with the relevant EU Regulations, in the present case the CACM Regulation and the Electricity Regulation, which are directly applicable. An approval decision of ACER establishing the terms and conditions or methodologies is directly applicable too. As directly applicable EU law provisions, those provisions have primacy over conflicting national legal requirements.
Nord Pool EMCO pointed out that there is no proof that the degradation of the SDAC algorithm's performance can be put on a specific group of products.	The regulatory authorities and ACER requested the NEMOs to perform such exercise. Replacing MIC and PUN orders with less complex products led to an improvement of the SDAC algorithm's performance. Nevertheless, the improvement of the performance must be assessed against its benefits. If the NEMOs prove that a limitation of a product would not bring proportionate benefits (Article 12(7) of the Algorithm methodology, ACER Decision 04/2020), such limitation would bring no improvement, therefore is inefficient and not needed.
Enel is of the opinion that scalable MIC orders cannot replace MIC orders because they only offer a fixed term instead of a variable one. This would cause inefficiencies and thermal units would be less competitive.	The present terms and conditions on SDAC products represent a list of products that can be accommodated by the price coupling algorithm. Once the list contains both types of products, the choice what to offer to the market participants is on NEMOs.
Edison welcomes the inclusion of the Simple Block orders among the mandatory products since they are fundamental for market participants to reflect physical constraints in their offers. This represents a very important evolution for the Italian day-ahead market, which now foresees only simple products. EFET and AIGET welcome that the block orders will have to be included in the SDAC.	ACER clarifies in the present Decision that the meaning of 'mandatory products' is that it represents a list of products that must be (as a minimum legal requirement set out by the CACM Regulation) accommodated by the price coupling algorithm, which does not mean that every NEMO has to offer these products to the market participants. ACER précised the determination of mandatory and optional products in the present Decision, to avoid ambiguity.

3 List of respondents

Organisation	Type
Energie AG Oberösterreich Trading GmbH	Energy company
CEZ, a.s.	Energy company
Eurelectric	Association
UPM-Kymmene Oyj	Energy company
NATURGY ENERGY GROUP	Energy company
HSE - Holding Slovenske elektrarne d. o. o.	Energy company
SEMOpx	Energy company
Norsk Hydro	Association
EDF	Energy company
Nord Pool European Market Coupling Operator	Energy company
ENEL	Energy company
Edison SpA	Energy company
EFET - European Federation of Energy Traders	Association
Electricity Association of Ireland (EAI)	Association
AIGET	Association
EDP España, S.A.	Energy company
Elia	Energy company
EPEX SPOT	Energy company